

TALKING POINTS FOR THE  
AMERICAN BUSINESS CONFERENCE  
BREAKFAST MEETING  
9 March 1983

Introduction

- Intelligence Community favors dialogue with business
- DCI and CEO both need accurate assessments of political and economic trends
- We receive invaluable help from private industry, research and academic institutions
- Role of DCD (Domestic Collection Division) most cost effective collection effort
- Two issues of growing importance to intelligence which affects U.S. businesses
  - illegal Soviet acquisition of our technology (Technology Transfer)
  - international terrorism

Technology Transfer

- Lenin said "the capitalists will sell us the rope we need to hang them."
- Only one year ago determined accuracy, precision, and power of Soviet weapons based on our R&D and Western technology
  - Soviet trucks used in Afghanistan (KAMA Truck Plant outfitted with \$1.5 billion modern American and European automotive production machinery)
  - newest Soviet ICBMs contain: precision components, gyros and accelerometers manufactured with U.S. equipment

- Soviet economy plagued by inefficiencies so have to steal from us
- Soviet defense plants routinely use Western R&D approaches
  - 30% of technology requirements obtained legally and openly
  - 70% of requirements through their intelligence services (KGB's highest priority)
- How are they doing it?
  - shopping list refines targets
  - dummy trading companies
  - bonafide European firms as middlemen
  - over 30 Soviet and E. European trading companies in U.S.;  
more than 300 in W. Europe
  - pose as allies
  - appeal to traditional American beliefs (example of scientists)
  - exploit greed
- Target particularly valuable
  - small companies involved with rapidly developing technologies
- Intelligence Community and Government redoubling efforts
  - set up Technology Transfer Center
  - strengthening COCOM (Coordinating Committee for Multilateral Export Control)
  - tightening restrictions on activities of Soviet and E. European nationals on U.S.
  - businesses really are front lines

### International Terrorism

- Last spring bombings in Paris during Versailles Economic Summit (hit American Express, Bank of America, American School of Paris)

- International terrorism not only disrupts international system but also threatens U.S. economic interests abroad
- Impotent, subnational groups can grab international attention and sometimes strategic leverage (example of Palestinians in 1970's)
- U.S. citizens primary targets followed by U.K., USSR, France, Israel, Turkey, Iraq
  - 200 Americans killed
  - 1/2 of these, victims of indiscriminate attacks
  - Americans singled out for assassination steadily increasing
  - diplomats most frequent victims but our businessmen remain next likeliest mark
- Since 1968, 719 bombings, 63 kidnappings, 29 assassination attempts, 23 armed attacks directed against U.S. business interests
  - bombings most common type of attack
- 1982 alone, over 100 attacks carried out against U.S. businesses
  - 30 businessmen wounded, none killed
  - 56% of recorded attacks significant damage to property
- Profile of U.S. companies targeted
  - across the board, well-known giants of world business to small, privately-owned companies
  - frequent victims are symbolic of "American way of life"
    - Coca-Cola, Ford, Chrysler, Colgate-Palmolive, Sears
    - oil firms and large financial enterprises (attacked for symbolic as well as practical reasons)
  - terrorists attack or threaten for financial gain
    - estimated that U.S. firms paid about \$125 million in ransom over past 10 years
- Latin America remains high-risk area due to number and frequency of hostage takings and assassinations

- However, last year highest number of attacks occurred in W. Germany followed by Italy and Greece
- About 100 groups claimed credit past 14 years

#### Help is Available

- CIA center devoted to tracking terrorist groups
  - strengthened ability to collect and analyze
  - improved exchange of information between allies and friends
- embassies and consulates will advise
- State Department has Office for Combatting Terrorism (24 hours a day)

#### Making Progress in Intelligence

- 1970's intelligence substantially drained
- now rebuilding
  - hiring more analysts
  - addressing new areas of interest
  - utilizing outside expertise, scholars, researchers, and business community
  - cuts in 1970's reflected in National Estimates
  - broadened areas of inquiry
  - fast track system for Estimates
  - recently finished extensive review of intelligence challenges ahead

#### FOIA

- Tendency to shoot ourselves in foot
- Only country in world gives license to poke into intelligence files

- Not calling for total repeal of Act
- Not asking for exemption from Privacy Act
- law creates perception of loss of confidentiality with friends around the world
  - absurd example: Iranian regime request for all information in CIA on late Shah
- Justice Goldberg quote

Concluding Remarks